

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

October 2007

Summary

Revenue collections increased by 6.0 percent in October, and on a year-to-date basis, growth is up 6.6 percent. Most of the monthly increase was attributable to the increase in registration fees. Adjusting for the registration fee increase, monthly growth was 2.8 percent and annual growth is 2.9 percent.

Motor Fuels Tax (including PTF Fuels Tax Revenue)

Motor Fuels Tax collections were flat in October. Annual collections through the first four months of fiscal year 2008 are up 2.9 percent.

The U.S. average retail price for regular gasoline soared to 301.3 cents per gallon as of November 5, 2007, 14.1 cents over last week and 81.3 cents higher than last year. Ascending to both national and regional record highs, retail diesel prices skyrocketed 14.6 cents last week to reach 330.3 cents per gallon, surpassing the previous record high price by 14.6 cents.

Crude oil prices have increased dramatically this year, with West Texas Intermediate (WTI) prices climbing from an average of nearly \$55 per barrel in January to over \$95 per barrel at the beginning of this month. Strong world economic growth has resulted in strong world oil demand despite higher price levels. China, the United States, and the Middle East countries are the main drivers of consumption growth.

Motor Vehicle Sales and Use Tax

Collections in this source were flat in October but are down 2.8 percent for the year. October marks the first month of positive growth in this source in fiscal year 2008.

Auto sales are under pressure from a number of channels. First, high energy prices are affecting sales of large SUVs and pickup trucks. Second, weakening housing construction activity is weighing on pickup truck sales. Third, weakening ability to extract home equity to pay for big ticket item due to house-price erosion is affecting consumer demand for vehicles. Fourth, weaker employment trends, especially for housing-related industries, are dampening demand for vehicles.

State Retail Sales Tax

The transportation portion of the State Retail Sales Tax increased by 2.9 percent in October. Collections in this source are up 3.2 percent in fiscal year 2008.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 49.9 percent in October. Collections of \$21.1 million include \$6.5 million attributable to the motor vehicle license fee increase. Adjusting for the registration fee increase, this month's collections were up 3.5 percent from last year mainly due to an additional business day this October compared to last year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Selected Revenue Estimates & Collections
For the Fiscal Years 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	October			Year-To-Date			% Annual Growth Required By Estimate
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	Change	
Motor Fuel Taxes	\$897,500	23.64	\$76,710	\$76,732	0.0	\$234,952	\$228,387	2.9	4.4
Priority Transportation Fund	20,000	0.53	2,000	2,000	0.0	4,000	4,000	0.0	0.0
Motor Vehicle Sales and Use Tax	637,300	16.78	53,625	53,438	0.3	212,471	218,661	(2.8)	1.4
State Sales and Use Tax	536,000	14.12	44,566	43,297	2.9	178,400	172,873	3.2	3.6
Motor Vehicle License Fees	262,900	6.93	21,070	14,052	49.9	83,679	59,085	41.6	55.2
International Registration Plan	64,500	1.70	2,560	2,542	0.7	26,030	14,363	81.2	19.5
Interest Earnings	52,600	1.38	15,630	12,088	29.3	15,745	12,203	29.0	(2.5)
Misc. Taxes, Fees, and Revenues (a)	<u>16,400</u>	<u>0.43</u>	<u>1,548</u>	<u>1,267</u>	<u>22.2</u>	<u>5,098</u>	<u>3,960</u>	<u>28.7</u>	<u>32.9</u>
Total State Taxes and Fees (a)	<u>\$2,487,200</u>	<u>65.51</u>	<u>\$217,709</u>	<u>\$205,416</u>	<u>6.0</u>	<u>\$760,375</u>	<u>\$713,532</u>	<u>6.6</u>	<u>7.4</u>

Percentage is greater than or equal to 1,000%.

(a) Certain Fiscal Year 2007 monthly and year-to-date amounts have been reclassified. Refer to (a) on page 5 for additional information.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	October			Year-To-Date			% Annual Growth Required By Est
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$777,400	20.48	\$66,598	\$67,883	(1.9)	\$200,365	\$198,402	1.0	4.8
Motor Vehicle Sales and Use Tax	393,900	10.37	33,317	32,755	1.7	132,371	136,002	(2.7)	1.0
Motor Vehicle License Fees	241,300	6.36	19,176	12,178	57.5	76,607	51,577	48.5	62.8
International Registration Plan	64,500	1.70	2,560	2,542	0.7	26,030	14,363	81.2	19.5
Misc. Taxes, Fees, and Revenues (a)	16,400	0.43	1,548	1,267	22.2	5,098	3,960	28.7	32.9
Total State Taxes and Fees	\$1,493,500	39.34	\$123,199	\$116,625	5.6	\$440,471	\$404,304	8.9	11.0
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,049	\$2,575	(20.4)	\$5,948	\$8,542	(30.4)	(100.0)
Miscellaneous Revenues (a)	16,937	0.45	2,040	2,280	(10.5)	5,787	6,958	(16.8)	0.1
Transfer (to) / from Transportation Trust Fund	262,570	6.91	0	(14,060)	100.0	200,000	185,940	7.6	13.6
Total Highway Maintenance and Operating Fund	\$1,773,007	46.70	\$127,288	\$107,420	18.5	\$652,206	\$605,744	7.7	9.1
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$120,100	3.16	\$10,112	\$8,849	14.3	\$34,587	\$29,985	15.3	1.8
Priority Transportation Fund	20,000	0.53	2,000	2,000	0.0	4,000	4,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	243,400	6.41	20,308	20,683	(1.8)	80,100	82,659	(3.1)	2.0
State Sales and Use Tax	536,000	14.12	44,566	43,297	2.9	178,400	172,873	3.2	3.6
Motor Vehicle License Fees	21,600	0.57	1,894	1,874	1.1	7,072	7,508	(5.8)	1.7
Interest Earnings	52,600	1.38	15,630	12,088	29.3	15,745	12,203	29.0	(2.5)
Total State Taxes and Fees	\$993,700	26.17	\$94,510	\$88,791	6.4	\$319,904	\$309,228	3.5	2.5
Other Revenues:									
Federal Grants and Contracts	\$1,100,568	28.98	\$71,873	\$55,031	30.6	\$303,319	\$230,510	31.6	77.9
Receipts from Cities/Counties (a)	78,428	2.07	4,269	8,781	(51.4)	27,016	17,942	50.6	86.4
Toll Revenues (Includes Route 28)	100,598	2.65	12,318	9,553	28.9	40,094	32,883	21.9	(3.0)
Miscellaneous Revenues	12,854	0.34	1,094	1,157	(5.4)	4,358	3,225	35.1	(40.4)
Total Other Revenues	\$1,292,448	34.04	\$89,554	\$74,522	20.2	\$374,787	\$284,560	31.7	64.5
Transfer (to) / from Highway Maintenance and Operating Fund	(\$262,570)	(6.91)	\$0	\$14,060	(100.0)	(\$200,000)	(\$185,940)	(7.6)	(13.6)
Total Transportation Trust Fund	\$2,023,578	53.30	\$184,064	\$177,373	3.8	\$494,691	\$407,848	21.3	32.8
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,796,585	100.00	\$311,352	\$284,793	9.3	\$1,146,897	\$1,013,592	13.2	20.6

Percentage is greater than or equal to 1,000%.

(a) A new line, "Miscellaneous Revenues", was added to the Highway Maintenance and Operating Fund Revenue Forecast in FY 2007. A portion of the amounts previously reported in "Miscellaneous Taxes, Fees, and Revenues" and "Receipts from Cities/Counties" were reclassified to "Miscellaneous Revenues". In order to provide comparable data, the Fiscal Year 2007 monthly and year-to-date amounts were likewise reclassified.